

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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May 7, 2002

Re: Our file Number LR-02-053; Sales tax on drop shipments.

Dear

This is in response to your inquiry concerning the taxability of sales that are dropped shipped, from an inventory point located outside Oklahoma, to your customer's customer.

If the goods are shipped into Oklahoma via common carrier, whether the common carrier is hired by you or your customer, and the goods are billed by you to a non-resident of Oklahoma who is in the business of reselling the items being purchased,

("NCI") should obtain a statement from its customer that it is engaged in the business of reselling the articles being purchased and that the goods are in fact being purchased for resale. Purchasers that are not residents of Oklahoma are not required to hold an Oklahoma sales tax permit. A copy of their home state permit should be obtained as documentation that they are engaged in the business of reselling the items being purchased.

If the goods are shipped from NCI's location in Oklahoma, NCI's customer must hold an Oklahoma sales tax permit in order to make the purchases exempt for resale.

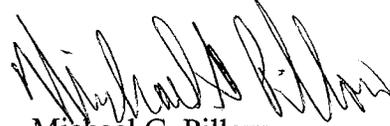
Oklahoma Tax Commission rules 710:65-7-6, 710:65-7-8 and 710:65-13-200 deal with the documentation required to be obtained on sales for resale which allow a vendor to be relieved of responsibility for collecting sales or use tax. Copies are enclosed. I have also enclosed a copy of rule 710:65-15-1 which deals with sales made in interstate commerce and rule 710:65-19-56 dealing with sales to contractors. A copy of the Oklahoma Sales Tax Rules is being sent to you.

This response applies only to the circumstances set out in your request of April 25, 2002. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent

facts have been accurately and completely stated, and that there has been no change in applicable law.

If I can be of further assistance, please feel free to contact me.

Sincerely,
OKLAHOMA TAX COMMISSION

A handwritten signature in black ink, appearing to read "Michael G. Pillow". The signature is written in a cursive, somewhat stylized font.

Michael G. Pillow
Tax Policy Analyst

ENCLOSURES